

**LOCAL AGENCY FORMATION COMMISSION  
COUNTY OF SAN BERNARDINO**

175 West Fifth Street, Second Floor, San Bernardino, CA 92415-0490  
• (909) 387-5866 • FAX (909) 387-5871  
E-MAIL: [lafco@lafco.sbcounty.gov](mailto:lafco@lafco.sbcounty.gov)  
[www.sbclafco.org](http://www.sbclafco.org)

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**DATE:** SEPTEMBER 8, 2003

**FROM:** KATHLEEN ROLLINGS-McDONALD, Acting Executive Officer

**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: Agenda Item #4 – Authorization to Seek Workers’  
Compensation Insurance through the Special District Risk  
Management Authority**

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**RECOMMENDATION:**

Authorize the Chairman and Acting Executive Officer to sign and process the documents necessary to:

1. Secure Workers’ Compensation Insurance through the Special District Risk Management Authority; and,
2. Cancel the Commission’s current Workers’ Compensation Insurance through State Compensation Insurance Fund.

**BACKGROUND:**

Every government agency and business within the State of California has been assailed with increased costs over the last three years for Workers’ Compensation Insurance. The Commission is no different. Over the last three years we have seen our Workers’ Compensation Insurance premium increase from \$4,400 a year, to its current anticipated level of \$7,344 for Fiscal Year 2003-04. This is coupled with our currently required deposit with State Compensation Insurance Fund of \$4,406.

Several other LAFCOs have been faced with this problem, and have been looking at a variety of solutions. Mendocino LAFCO solved their Workers’ Compensation problem through contracting with the Special District Risk Management Authority (SDRMA -- a JPA through the California Special

Districts Association). Based upon their positive experience, staff contacted the SDRMA and requested a quote for the provision of Workers' Compensation Insurance. We have received the quote -- \$2,307 for the period of July 1, 2003 through June 30, 2004 along with the required annual membership in the California Association of Special Districts of \$626 based upon our operating budget. Taken together these total \$2,933 for Fiscal Year 2003-04, representing a 60% reduction in cost, excluding deposit. A copy of the estimate information provided to staff is attached to this report.

The staff is recommending that the Commission authorize the Chairman and Acting Executive Officer to sign the documents necessary to secure Workers' Compensation Insurance through the SDRMA and to cancel our existing policy through State Compensation Insurance Fund.

KRM/